

Fiscal Note

State of Alaska
2022 Legislative Session

| | |
|---------------------|---------------|
| Bill Version: | CSHB 273(EDC) |
| Fiscal Note Number: | 2 |
| (H) Publish Date: | 2/28/2022 |

Identifier: HB273CS(EDC)-EED-PEF-2-17-22
Title: INCREASE BASE STUDENT ALLOC. INFLATION
Sponsor: STORY
Requester: House Education

Department: Fund Capitalization
Appropriation: No Further Appropriation Required
Allocation: Public Education Fund
OMB Component Number: 2804

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below.

(Thousands of Dollars)

| | FY2023 Appropriation Requested | Included in Governor's FY2023 Request | Out-Year Cost Estimates | | | | |
|------------------------|--------------------------------------|--|-------------------------|-----------------|-----------------|-----------------|-----------------|
| OPERATING EXPENDITURES | FY 2023 | FY 2023 | FY 2024 | FY 2025 | FY 2026 | FY 2027 | FY 2028 |
| Personal Services | | | | | | | |
| Travel | | | | | | | |
| Services | | | | | | | |
| Commodities | | | | | | | |
| Capital Outlay | | | | | | | |
| Grants & Benefits | | | | 26,136.7 | 26,136.7 | 26,136.7 | 26,136.7 |
| Miscellaneous | | | | | | | |
| Total Operating | 0.0 | 0.0 | 0.0 | 26,136.7 | 26,136.7 | 26,136.7 | 26,136.7 |

Fund Source (Operating Only)

| | | | | | | | |
|---------------------|------------|------------|------------|-----------------|-----------------|-----------------|-----------------|
| 1004 Gen Fund (UGF) | | | | 26,136.7 | 26,136.7 | 26,136.7 | 26,136.7 |
| Total | 0.0 | 0.0 | 0.0 | 26,136.7 | 26,136.7 | 26,136.7 | 26,136.7 |

Positions

| | | | | | | | |
|-----------|--|--|--|--|--|--|--|
| Full-time | | | | | | | |
| Part-time | | | | | | | |
| Temporary | | | | | | | |

Change in Revenues

| | | | | | | | |
|--------------|------------|------------|------------|------------|------------|------------|------------|
| None | | | | | | | |
| Total | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Estimated SUPPLEMENTAL (FY2022) cost: 0.0 (separate supplemental appropriation required)

Estimated CAPITAL (FY2023) cost: 0.0 (separate capital appropriation required)

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? No
If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

The committee substitute differs from the initial version by adding the word 'average' to make it clear that the percentage to be used is the average of the preceding three years percentage change in the Alaska CPI for urban areas. The changes also include a lag year in the calculation so the department will have the percentages available when the calculation needs to be done.

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Agency: Department of Education & Early Development

Phone: (907)465-2875
Date: 02/17/2022 03:15 PM
Date: 02/18/22

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2022 LEGISLATIVE SESSION

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Analysis

This bill amends AS 14.17.470 by having the department, on July 1 each year, increase the base student allocation (BSA) using the average of the first three of the preceding four calendar years percentage change of the Consumer Price Index for Urban Alaska (CPI-U) as prepared by the United States Department of Labor.

This fiscal note uses the Alaska annual CPI-U percentage for 2019, 2020, and 2021 ($1.39\% + -1.10\% + 4.88\% = 5.17\% / 3 = 1.72\%$). The average percentage difference between 2019, 2020, and 2021 is applied to the current FY2023 BSA of \$5,930 to arrive at a CPI-U adjusted BSA of \$6,032 ($\$5,930 \times 1.0172 = \$6,032$).

Using the FY2023 projected average daily membership counts, and the CPI-U adjusted BSA of \$6,032, the new estimated total state entitlement would increase by approximately \$26,136,736. The amount in the out years would be adjusted based on an annual calculation.

The effective date of this bill is July 1, 2024 (FY2025).

Page 3 of this fiscal note provides the projected funding breakdown by school district for the CPI-U Alaska BSA increase.

Department of Education & Early Development

Prepared by School Finance

Updated 2/17/2022

CPI-U increase to BSA

| <i>Base Student Allocation (BSA)</i> | | \$5,930 | \$ | 6,032 |
|--------------------------------------|-------------------------|-------------------------|--------------------------|-------------------|
| | | CPI-U 1.0172 | | |
| | | FY2023 Proj. | increase to Proj. | |
| School District | TOTAL STATE | TOTAL STATE | | Difference |
| | ENTITLEMENT | ENTITLEMENT | | |
| Alaska Gateway | \$ 8,751,667 | \$ 8,907,252 | \$ | 155,585 |
| Aleutian Region | 1,332,912 | 1,355,968 | | 23,056 |
| Aleutians East Borough | 3,981,065 | 4,069,691 | | 88,626 |
| Anchorage | 314,398,790 | 321,823,817 | | 7,425,027 |
| Annette Island | 3,628,343 | 3,732,791 | | 104,448 |
| Bering Strait | 30,800,589 | 31,525,854 | | 725,265 |
| Bristol Bay Borough | 896,798 | 926,638 | | 29,840 |
| Chatham | 3,337,723 | 3,398,416 | | 60,693 |
| Chugach | 4,692,479 | 4,774,196 | | 81,717 |
| Copper River | 6,823,276 | 6,945,810 | | 122,534 |
| Cordova | 4,144,356 | 4,232,284 | | 87,928 |
| Craig | 5,694,789 | 5,803,387 | | 108,598 |
| Delta/Greely | 10,595,870 | 10,781,702 | | 185,832 |
| Denali Borough | 7,133,060 | 7,273,650 | | 140,590 |
| Dillingham | 5,851,981 | 5,967,749 | | 115,768 |
| Fairbanks N. Star Borough | 99,522,369 | 101,947,536 | | 2,425,167 |
| Galena | 32,763,110 | 33,327,559 | | 564,449 |
| Haines Borough | 2,530,508 | 2,593,231 | | 62,723 |
| Hoonah | 2,484,391 | 2,530,711 | | 46,320 |
| Hydaburg | 1,778,028 | 1,809,212 | | 31,184 |
| Iditarod Area | 5,763,697 | 5,871,087 | | 107,390 |
| Juneau Borough | 32,953,875 | 33,797,714 | | 843,839 |
| Kake | 2,233,134 | 2,276,486 | | 43,352 |
| Kashunamiut | 4,474,950 | 4,585,285 | | 110,335 |
| Kenai Peninsula Borough | 73,868,158 | 75,631,189 | | 1,763,031 |
| Ketchikan Gateway Borough | 25,755,407 | 26,288,464 | | 533,057 |
| Klawock | 1,759,889 | 1,801,201 | | 41,312 |
| Kodiak Island Borough | 25,727,035 | 26,271,332 | | 544,297 |
| Kuspuk | 6,976,761 | 7,135,872 | | 159,111 |
| Lake & Peninsula Borough | 9,040,554 | 9,205,706 | | 165,152 |
| Lower Kuskokwim | 61,510,954 | 62,839,616 | | 1,328,662 |
| Lower Yukon | 32,902,651 | 33,637,730 | | 735,079 |
| Mat-Su Borough | 169,508,196 | 173,036,609 | | 3,528,413 |
| Nenana | 10,436,818 | 10,617,272 | | 180,454 |
| Nome | 8,673,328 | 8,843,734 | | 170,406 |
| North Slope Borough | 19,073,095 | 19,714,212 | | 641,117 |
| Northwest Arctic Borough | 37,478,114 | 38,162,505 | | 684,391 |
| Pelican | 459,461 | 468,054 | | 8,593 |
| Petersburg | 5,596,923 | 5,717,261 | | 120,338 |
| Pribilof | 973,694 | 998,942 | | 25,248 |
| Saint Mary's | 3,863,824 | 3,931,513 | | 67,689 |
| Sitka Borough | 10,978,127 | 11,243,125 | | 264,998 |
| Skagway | 1,235,329 | 1,273,448 | | 38,119 |
| Southeast Island | 4,689,669 | 4,770,118 | | 80,449 |
| Southwest Region | 10,642,077 | 10,885,366 | | 243,289 |
| Tanana | 752,892 | 766,470 | | 13,578 |
| Unalaska | 3,862,310 | 3,967,691 | | 105,381 |
| Valdez | 4,856,667 | 5,009,669 | | 153,002 |
| Wrangell | 3,067,737 | 3,133,083 | | 65,346 |
| Yakutat | 1,193,079 | 1,217,361 | | 24,282 |
| Yukon Flats | 4,881,576 | 4,987,411 | | 105,835 |
| Yukon/Koyukuk | 22,785,903 | 23,193,719 | | 407,816 |
| Yupit | 6,786,477 | 6,960,390 | | 173,913 |
| Mt. Edgecumbe High School | 3,419,941 | 3,494,053 | | 74,112 |
| TOTAL | \$ 1,169,324,406 | \$ 1,195,461,142 | \$ | 26,136,736 |